

PITTSBURGH CITY-COUNCIL WAGE REVIEW COMMITTEE



**POST-AGENDA HEARING
REPORT AND RECOMMENDATIONS
JANUARY 19, 2016**

A CITY FOR ALL

- Broad agenda to harness Pittsburgh's resources to create robust, inclusive prosperity
- Address growing crisis of affordability for low-income residents
- Ensure that all voices are included in policy-setting
- Focus on economic drivers in our city

THE WAGE REVIEW COMMITTEE

- Established by Council action in October, 2015
- Charged with investigating the impact of low wages in Pittsburgh's anchor institutions
- Committee to include experts in social policy, healthcare economics, urban development, and service work

COMMITTEE HEARINGS

- Rev. Burgess, Chair, joined by Marla Blunt (Duquesne food service worker), Professor Jeff Shook (Pitt), Professor Steve Foreman (Robert Morris), Majestic Lane (Pittsburgh Community Reinvestment Group), and Rick Williams (Mayor's Office of Community Development)
- 2 days of hearings in Oakland and the Northside
- Over 200 testimonies taken, 170 from hospital workers

KEY FINDINGS



HOSPITALS MATTER

Key Finding 1: Hospitals are Pittsburgh's dominant economic institutions. It matters what they do and what regulators do about them

- Combined \$28 billion in revenue; billions in reserves
- Largest employers, with wage-setting power: 7.5% of city's workforce are hospital service workers
- Largest landowners, owning more than 5% of the assessed value of all City property
- Largest charities, with tens of millions annually in foregone payroll preparation, property and school district taxes

HOSPITAL WORKERS MATTER

Key finding 2: Hospital workers perform valuable work that is critical to the caring mission of hospitals

- Hospital workers love their jobs, which are physically and emotionally challenging and carry tremendous responsibility
- Hospital workers at every level are essential to providing high levels of care
- Hospitals have not developed a culture of respect where ideas and criticism is welcomed; non-union workers fear reprisal if they speak out about conditions

HOSPITAL PAY IS TOO LOW – FOR EVERYONE

Key Finding 3: Hospital workers are paid less than what is needed to afford basic expenses and provide for families

- Average wage of \$12.94/hour - about \$350/week after taxes and deductions
- Many rely on public benefits and charity and postpone or forego medical treatment
- Hardships include inadequate housing, utility shut-offs, inability to save for education or retirement, hunger and extreme stress
- Workers are increasingly priced out of their neighborhoods as rents rise while wages stagnate
- Neighborhoods with concentrations of service workers are the poorest in the city
- Numerous effects of low wages on children including not being able to spend time with them, invest in them or address basic needs

HARDSHIPS ARE BORNE UNEQUALLY

Key Finding 4: Low wage work amplifies and reinforces racialized and gendered patterns of inequality in Pittsburgh

- 34% of African Americans in Pittsburgh work in service occupations
- Pittsburgh has highest rate of African Americans working in service occupations of any major urban area in the US
- Home ownership rate of African Americans is half that of white residents
- 41% of African American households report no access to private transportation
- Health outcomes reveal wide disparities between white and African American people
- 75% hospital jobs are held by women, and these are concentrated in non-managerial service, technical and direct care positions

HOSPITALS AFFECT OTHER INDUSTRIES

Key Finding 5: Wages paid by Pittsburgh's major hospitals depress wages across the region's service economy

- Pittsburgh's service workers do not work in a competitive market. Hospitals' near monopsony power results in little market pressure to raise wages
- Pittsburgh service workers in non-hospital industries are paid less than their counterparts in other markets, even when they work for the same corporation in the same occupation

WORKERS NEED A VOICE

Key Finding 6: Economic outcomes for working people are improved when workers sit at the tables where economic decisions are made

- Many workers and experts talked about the importance of including workers in economic decision-making through an organized voice – a union
- The correlation between unionization and income and wealth distribution is clear. Union hospital workers in Washington County have start rates that are \$2/hour higher than at UPMC. Union janitors cleaning UPMC's tower start at \$16/hour. Cleaners in UPMC hospitals start at \$11.00.
- Allegheny General recently decided to respect its employees desire to form a union and 1200 service and technical workers are now bargaining their first contract.
- UPMC was recently found by a Federal Administrative Law Judge to have “engaged in widespread and egregious violations of workers rights.”
- Union density is one of the strongest predictors of a city's economic mobility, even after controlling for factors like race and industry.

HOSPITALS ARE PUBLIC INVESTMENTS

Key Finding 7: Pittsburgh residents provide massive support to our hospitals, which are heavily funded by the public

- Medicare accounts for 35% of hospital revenue and Medicaid for another 15%
- Annual tax exemptions for UPMC alone amount to over \$200 million, more than twice the value of the charity care it delivered
- City Controller Lamb estimates that the value of foregone payroll preparation taxes alone amounts to \$15 million annually
- Taxpayers further subsidize hospitals by supporting poor employees. UPMC full-time employees are the third largest users of Medicaid, after Wal-Mart and McDonalds.

IMPROVING HOSPITAL JOBS WOULD IMPROVE OUR CITY

Key Finding 8: Raising wages and improving working conditions in Pittsburgh's hospitals would benefit all service workers and would benefit low income communities of color most.

- Cities that are actively tackling income inequality and worker disenfranchisement are discovering the stimulative effects of better pay as well as increased revenues for local government
- Raising hospital start rates to \$15 would
 - Put an average additional \$6K in workers' pockets
 - Inject an additional \$450 million into the local economy
 - Reduce turnover and improve the quality of care
 - Reduce reliance on public assistance

RECOMMENDATIONS

- Endorse call for a \$15 minimum
- Lower financial barriers to care for hospital employees
- Actively support workers seeking to form their union
- Encourage hospitals to involve all workers in operational decision-making
- Take steps to improve affordable housing
- Take action to incentivize hospital employers to improve pay and working conditions for service and technical workers